



**U. S. Environmental Protection Agency
OFFICE OF INSPECTOR GENERAL
Nikki L. Tinsley, Inspector General**

Quarterly Report

First Quarter - Fiscal Year 2002

October 1 - December 31, 2001

Audit/Evaluation Activities

Program Evaluation Identifies Opportunities to Improve Research Programs

(Report 2002-P-00002)

In collaboration with EPA's Office of Research and Development (ORD), we conducted a pilot evaluation to determine whether program evaluation techniques are appropriate for measuring progress in accomplishing Government Performance and Results Act goals. We looked at EPA's Goal 8, *Sound Science and Innovative Approaches*, and focused on Objective 8.4, *Pollution Prevention and New Technologies* research.

We concluded that the evaluation process was appropriate. The approach afforded a better understanding of the programs, answered key questions, and provided a partnership approach beneficial in developing meaningful observations about Goal 8 and Objective 8.4 designs.

We found that ORD's Goal 8 research priorities are consistent with National Research Council recommendations for core research, but identified opportunities for improvement. ORD can place more focus on outcomes rather than outputs, and can expand its transfer of technology to customers. Further, ORD can make program design documents more consistent, enhance its planning system, more clearly explain the two-tiered Goal 8 strategy, and better address externalities (factors beyond the program's control) affecting Goal 8 research.

ORD has already taken several actions based on our evaluation. They applied our logic model to improve the design and outcome orientation of their research programs. They also developed guidance to increase the outcome orientation of annual performance goals and measures. In addition, they are considering revisions to the annual research planning system to focus discussions and decisions on performance information.

Draft Superfund Environmental Indicators Suitable, But Concerns Remain

(Report 2002-P-00003)

We found that the two draft Superfund Environmental Indicators (EIs) reviewed – human exposure under control and contaminated groundwater migration under control – were suitable because they measure the state of the environment, rather than just mark the completion of an administrative step in the Superfund cleanup process. The two EIs are specific measures of program performance used to assess progress toward cleaning up a hazardous waste site. However, we identified some policy and technical issues that should be resolved.

The two draft EIs were modeled after EIs used by the Resource Conservation and Recovery Act (RCRA) Corrective Action Program, but we found several policy and technical differences between the EI documentation for Superfund

and RCRA. We understand there are inherent distinctions between the Superfund and RCRA programs. Even so, we believe the policy and technical differences need to be resolved relative to Superfund. We also recommended that, in addition to the draft EIs of interim progress Superfund officials have already developed, Office of Solid Waste and Emergency Response officials partner with state officials to develop ecological and final EIs.

\$265,010 in Remedial Work Costs Questioned for Parker Landfill Superfund Site
(Report No. 2002-S-00001)

We questioned \$265,010 in unreasonable or ineligible costs claimed in relation to a cleanup performed at the Parker Landfill Superfund Site in Lyndon, Vermont. Of that amount, \$125,554, or 47 percent, represented the federal share.

The claim, for \$1,629,445, covered the response action period January 1, 2000 through February 28, 2001. Of the total questioned costs, \$29,932 represented unreasonable costs involving a duplicate payment made by Ethan Allen to one of its contractors. The majority of the \$235,078 in ineligible costs questioned involved legal fees

and related costs for litigation support and mediation incurred in association with a legal dispute between Ethan Allen and one of its contractors.

Texas Fund Adequately Audited
(Report No. 2002-M-000004)

The State Auditor for Texas conducted an audit of the State Revolving Fund operated by the Texas Water Development Board that fully met Government Auditing Standards. The work was well planned, properly documented, and the State Auditor relied on tests of internal controls and accounting systems to express an opinion on the financial statements, and used a wide variety of analytical tools to do so.

Nonetheless, we determined that EPA Region 6 should monitor the Board's future bond refundings to determine whether there are any interest savings that should be passed on to the State Revolving Fund. Further, Region 6 should review future final project accounting processes to ascertain that the Board adequately documents interest earned on projects funded.

Investigative Activities

Woman Convicted of Wire Fraud and Impersonating an EPA Employee (Conviction: 98-2001)

On October 5, 2001, a U.S. District Court jury in Concord, New Hampshire, convicted a Massachusetts woman of wire fraud and impersonating a federal employee.

The offenses stemmed from conduct through which Cheryl Burnette, of Newburyport, Massachusetts, stole products and services by pretending to be an EPA employee. She falsely represented to victims that the products and services she received from them would be paid for by EPA. The conduct included the renting of homes in Massachusetts and the procurement of groceries, computer equipment, office supplies, and such luxury items as Rolex watches.

Burnette was indicted by the federal grand jury on September 15, 1999, and arrested in Hartford, Vermont, by Special Agents from the EPA OIG on September 28, 1999. Burnette had used assumed identities and her fictitious affiliation with EPA to steal goods and services totaling more than \$75,000 from individuals and businesses throughout the country. The defendant's scheme included the use of fictitious government procurement numbers and purchase orders to establish direct billing accounts with victims who believed they were doing business with EPA. Burnette was scheduled to be sentenced in U.S. District Court on January 7, 2002.

This investigation was conducted by the EPA OIG.

Corporation Pleads Guilty to Conspiracy to Commit Mail Fraud (Information and Conviction: 98-3006)

On October 5, 2001, Intertek Testing Services Environmental Laboratory (ITS), Richardson,

Texas, pleaded guilty to a one-count criminal information charging the corporation with conspiracy to commit mail fraud. As part of the plea, ITS agreed to pay the United States a \$9 million fine pursuant to the terms of the court and upon acceptance of the plea by the court.

A vice president and 12 former employees of ITS, formerly known as NDRC Laboratories, Inc., and Inchcape Testing Services Environmental Laboratories, Inc., were previously indicted on September 21, 2000, in U.S. District Court, Dallas, Texas, on charges of conspiracy, mail fraud, wire fraud, and presenting false claims against the government.

The criminal information charged that ITS conspired to perform improper manual integrations on initial calibrations for the purpose of causing the instrumentation to appear to be within the quality assurance/quality control criteria required by the applicable EPA method. It was further charged that ITS engaged in the conduct for the purpose of saving time and money that would otherwise be spent to properly maintain the testing equipment and to repeat tests.

This investigation was conducted jointly by the EPA OIG, the EPA Criminal Investigations Division, the Defense Criminal Investigative Service, the Army Criminal Investigation Command, and the Air Force Office of Special Investigations.

Utility Vice President Pleads Guilty to Polluting Sarasota Bay Watershed (Conviction: Case 99-4004)

On October 31, 2001, Eli Ray Bontrager, Vice President of South Bay Utilities, Inc. (SBU), Sarasota, Florida, pleaded guilty in U.S. District Court, Tampa, Florida, to count one of a criminal indictment, charging him with discharging pollutants without a permit, in

violation of the Clean Water Act.

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Shortly after SBU's wastewater treatment plant came on line in 1976, its drain fields became saturated and were not able to process the amount of effluent discharged. To relieve the pressure on the drain fields, SBU illegally installed underground bypass pipes without informing government regulators. After the installation, the pipes allowed effluent to flow through the storm water pipes directly into Dryman Bay, discharging about 1 ½ tons of nitrogen into Sarasota Bay annually.

In the plea agreement, Bontrager admitted that, as Vice President of Utilities for SBU, he was a "responsible corporate officer" over field activities for SBU's utilities, including the wastewater treatment plant, and knew that such a connection would require a National Pollutant Discharge Elimination System permit. Bontrager further admitted that he could have intervened to correct the situation affecting the drain fields, but opted not to act and became willfully blind to the ongoing situation.

This investigation was conducted jointly by the EPA OIG, the EPA Criminal Investigation Division, the Federal Bureau of Investigation, the Internal Revenue Service, the Florida Department of Law Enforcement, the Florida Department of Environmental Protection, and the Sarasota County Office of Pollution Control.

**Corporate President Pleads Guilty to
Conspiring to Pay Kickbacks
(Conviction: Case 95-1006)**

On October 19, 2001, William J. Cruciata, President of Multi-Media Graphics and Design Ltd, Mineola, New York, pleaded guilty to a criminal information of conspiring to violate the Federal Anti-Kickback Act of 1986. The plea was made in U.S. District Court, District of New Jersey, the same day the information was handed down. Sentencing is set for February 1, 2002.

Several federal agencies, including EPA, contracted for graphics and printing services with Multi-Media, a subcontractor to Ebasco

Services Inc., New York, New York. The information charged that, dating back to 1989, Cruciata paid kickbacks to the president of Ebasco in exchange for favored treatment and subcontracts. The subcontracts were provided to Multi-Media contrary to Ebasco's purchasing system and without utilizing the competitive bidding process required by the federal agencies. As a result of the conspiracy, Multi-Media paid more than \$288,700 in kickback payments.

This investigation was conducted jointly by the EPA OIG and the U.S. Postal Service Office of Inspector General.

Questions concerning this update or requests for copies of OIG audit reports, reviews, or other documents should be directed to **Eileen McMahon**, U.S. Environmental Protection Agency, Ariel Rios Building (2441), 1200 Pennsylvania Avenue, NW, Washington, DC 20460. **Telephone (202) 260-0401.**

If you are aware of or suspect any fraud, waste, or abuse in any EPA programs or operations, please call the OIG Hotline or the nearest Divisional Office of Inspector General. **OIG Hotline (202) 260-4977 or (888) 546-8740.**



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